


MOBILE .
THIS GOES WITH THE
BLUE PROPOSAL I GAVE
YOU LAST WEEK
TAO

MEMORANDUM

TO: TOM MOTHERWAY

FROM: TOM OVERTURE 

DATE: MARCH 16, 1995

SUBJECT: FACILITY DEVELOPMENT SERVICES - TORRANCE

1. Attached proposal from Allan MacKenzie of Gascon Mar, Ltd. outlines the basic services (with general applicability also to Titusville, St. Charles, Huntington Beach, etc.):
 - A. Highest and best use studies.
 - B. Coordination of land use entitlement processing.
 - C. Environmental analysis and remediation coordination.
 - D. Site improvements.
 - E. Development and marketing oversight.
2. Practical approach as Developer is focused on the economics of determining land use, development, and marketing to maximize value and minimize time frame.
3. Initial hourly rate fee structure that's controllable and accountable on a monthly basis subject to our advance review and approval of specific tasks. His time is \$150/hour, project manager is \$90/hour and financial analyst is \$50/hour.
4. Allan's experience in the area and Cambridge education in land economics have led to some considered opinions:
 - A. Retail feasibility of combined site (230 acres with ILM) increases with inclusion of MDC land.
 - B. Highest and best use estimate in the year 2000 market range is for a HIGH-END, CAMPUS-LIKE BUSINESS PARK with 40-60 acres reserved for retail/commercial uses.
 - C. Small, fast-growing companies in business service, entertainment, multi-media, international trade, and technology..."entrepreneurial hotspots" are primary market potentials.
 - D. Active promotion to City and regional elected officials and jurisdictional planning agencies on a regular, consistent basis.
 - E. Traffic considerations are critical - coordination with jurisdictional agencies.
 - F. Establishment of Redevelopment Project should be considered.

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- G. Extensively landscaped, master-planned environment with golf course (or other recreational feature attractive to Asian market)...Also aids in storm water retention. Upgraded infrastructure (like communications - fiberoptics, ATM and ISDN, video conferencing, etc.) and amenities (restaurants, financial services, health, day care, incubator, etc.) and public services (LAPD, telecommunicating center, university, or school).
 - H. Cooperative arrangement with Martin Marietta/ILM site for entitlements, retail, traffic and overall planning integration.
5. Gascon Mar Case Study on nearby "Golden Eagle Center" 76 acres:
- A. Six year project in which they were developer initially, arranged affiliate purchase to give Golden Eagle a net operating loss carry forward, then resold to Golden Eagle to sell to third party end users.
 - B. Fees for development through Specific Plan:
 - 1. \$15-\$20,000 per month (assume 6 years at \$17K/mo. = \$1.2M or \$17K/Acre). If we also assume his average hourly rate at \$100, we should get about 170 hours per month or 40 hours per week for our \$17,000.
 - 2. Profit participation 25-35% of upside after imputed, preferred return to Golden Eagle.
 - 3. Sales Commissions of 5-12% of sales proceeds depending on price achieved.
6. While these figures are pretty "spendy", his services cover a lot of different disciplines and he has instant credibility. We should spend an hour or two with Allan as he has a good background, distinctive style, and some ideas to build a game plan on.

TAO:kk KKTO1464

Attachment

cc: Phil Cyburt, w/proposal
Merle Pautsch, w/proposal